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Introduction for the Special Issue

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This special issue of the International Journal of Business is edited using a selection of some papers presented in the second International Finance Conference, Tunisia, March 2003. The conference is organized by the Universities of Paris-Dauphine and Cergy (France) and Tunis and Sfax (Tunisia). The conference benefits from the financial support of the tunisian authorities who hosted the participants: the President of the Tunisian Republic Zine El Abidine Ben Ali and the Minsiter of Eduction and Research, Sadok Chabaane.

The selected papers have been referred by the members of the scientific committee under the Presidency of Professors Richard Roll and José Scheinkman. The papers cover several subjects regarding information, asset pricing, option pricing, portfolio insurance, asset and liability management, theory and practice of finance, etc.

Mondher Bellalah presents a simple framework for the valuation of compound options within a context of incomplete information. Information costs are linked to the theory of signaling, agency models and generic stocks in the spirit of Merton's (1987) model of capital market equilibrium with incomplete information.

Ephraim Clark and Geeta Lakshmi use the performance of Indian Eurobonds over the period 1990-1992 to examine the sensitivity of India's creditworthiness to the Iraqi invasion of Kuwait on August 2, 1990. They also explore the related question of whether the changes in creditworthiness, measured as the effect of changes in default probabilities on bond prices, were accurately assessed by the market in a timely manner. They find evidence of market over-reaction to country specific invasion effects.

Jean-Michel Sahut and Jean-Sébastien Lantz analyse first the key structural financial items that had an impact on value creation, based on the year 2001 accounts. Secondly, they examine the impact of value creation on the financial performances of the firm (from 1998 to 2002).

Nidal Rashid Sabri examines one of the most important issues in the international corporate laws, which is the issue of share repurchases known as treasury shares. He investigated corporate laws, stock exchange regulations, research literatures and stock trading volume for repurchase activities.

Bellalah Makram and Belhaj Riadh propose a new method to compute the cost of capital in domestic and in international settings. Their formulas show the effect of information costs on the cost of capital and give the conditions under which the domestic and the international approach yield the same results in the presence of this imperfection.

Philippe Bertrand and Jean-luc Prigent compare the performances of the two standard portfolio insurance methods: the Option Based Portfolio Insurance (OBPI) and the Constant Proportion Portfolio Insurance (CPPI), when the volatility of the stock index is stochastic

Jean-François Boulier argues that without all the investments in research and marketing no innovation would foster growth in our economies. If everyone agrees on these steps the thinking on how to manage innovation has really changed since the glorious days of the Bell Labs in the United States or the Centre d'Etude Atomique in France twenty years ago.